

NATIONAL DAIRY MARKET AT A GLANCE**CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (3/30):**

BUTTER: Grade AA closed at \$1.6925. The weekly average for Grade AA is \$1.6692 (+.0559).

CHEESE: Barrels closed at \$1.3100 and blocks at \$1.3550. The weekly average for barrels is \$1.2940 (+.0215) and blocks, \$1.3430 (+.0150).

NONFAT DRY MILK: Extra Grade and Grade A closed at \$1.0300. The weekly average for Extra Grade is \$1.0300 (N.C.) and Grade A, \$1.0300 (N.C.).

BUTTER: The butter market remains firm. However, there is growing concern about butter's current price level and how much higher it will get. The CME butter price has never been this high in March. In fact, the CME AA butter price has only been above the current \$1.6925 three times – one week in October 1997, the summer of 1998, and November/December 2000. Demand for bulk and packaged butter is holding up quite well. Bulk demand is very good as speculators try to put some away for summer needs. At this point though, producers seem willing to hang on to more of their output rather than sell. They too will need butter later in the year. Production levels are light as cream and surplus milk volumes are tighter than expected for this time of year. This is particularly evident east of the Rockies. With Ice cream season getting under way, excess volumes of cream are expected to tighten further. Retail sales are fair, but may improve as Easter and Passover approach.

CHEESE: The cheese market is steady. With the exception of last year's sharply lower prices (\$1.0880 barrels and \$1.1125 blocks), current prices are within a few cents of comparable weeks in 1997 - 1999. Process sales remain seasonally good. Mozzarella remains tight. Some extra demand was noted for jack and other non-cheddar American varieties. Swiss sales are generally strong for this time of year. Current cheese production overall continues to lag year ago levels.

FLUID MILK: Milk production is seasonally increasing in the southern half of the country. In the northern regions, production is steady to somewhat disappointing and best in the Northwest. Black and brown outs remain a concern with milk producers and handlers on the West coast, especially with increasing energy costs. Retail features are encouraging Class I movement. Class II demand is good into holiday items such as dips and sour cream. Ice cream production is seasonally strong and thereby competitive with butter facilities for available cream. Supplies of cream are in better balance than the week prior yet still short of buyer interest. Prices are trending higher with weekly increases in the CME AA butter average. Condensed skim movement is good at steady prices. Class III milk supplies are tight with Central region premiums reported at \$1.80 – 2.40 over class.

DRY PRODUCTS: Animal health problems in the EU are increasing interest in US dry product markets. DEIP interest is heavy with roughly 158MT remaining under the current program. Supplies are tight in the East, encouraging movement out of the West. CCC offerings remain heavy while market prices trend unchanged. Buttermilk markets are firm with prices higher in the Central

region. Movement of condensed buttermilk is good, decreasing expensive dryer costs and encouraging the current tight supply conditions. Whey markets are firm in coastal regions and mostly steady in the Central area. Trading activity is light with interest from export markets increasing. Lactose prices moved higher in conjunction with changes in second quarter contracts. Edible demand is good, especially into infant formula companies. The WPC market is unchanged. While manufacturer supplies are reportedly tight, resale product is more available and clearing well at steady to lower prices.

CCC: During the week of March 26 - 30, CCC net purchases totaled 11,811,392 pounds of nonfortified NDM from the West.

ERRATA: In last week's report, the "February Federal Milk Order Price and Pool Summary" contained some incorrect data. The figures shown for "Total" and "Change from Previous Year" were out of order following the data for Appalachian. This Summary is being carried again this week. (See Page 10)

FEBRUARY CONSUMER PRICE INDEX (BLS): The February Consumer Price Index (CPI) for all food is 171.3, up 3.0% from February 2000. The dairy products index, at 163.6, is up 1.7% from a year ago. The February to February changes in selected dairy products are as follows: fresh whole milk up 5.6%, cheese down 0.7%, and butter up 22.3%.

COMMERCIAL DISAPPEARANCE (ERS and AMS): Commercial disappearance of dairy products for the November – January 2000/01 period totaled 41.7 billion pounds, 3.0% higher than the comparable 1999/2000. Comparing disappearance levels with a year earlier: butter up 0.5%, American cheese up 5.2%, other cheese up 1.9%, NDM up 15.8%, and fluid milk products down 0.2%.

INTERNATIONAL DAIRY MARKETS - UPDATE: Animal health problems in the EU are affecting international movement of dairy products. European exports are down with some areas reportedly dumping milk because of transportation issues related to foot and mouth disease. Importers are often opting not to purchase product from the EU even with the current precautionary measures in place. Dairy product producing areas outside of the EU are benefiting from higher prices and demand in response to the foot and mouth problems, especially with regards to lactose and whey products. Whole milk markets are trending firm while skim milk powder prices are steady to slightly weaker. EU cheese demand is strong as a substitute to meat items. International butter prices are firm in response to tight milk supplies and increased Easter/Lenten demand.

CLASS AND COMPONENT PRICES (DAIRY PROGRAMS): The following are the March 2001 prices under the Federal Milk Order pricing system: Class II \$14.17 (+\$.74), Class III \$11.42 (+\$.15); and Class IV \$13.46 (+\$.76). Product price averages used in computing Class prices are: butter \$1.4942, NDM \$1.0127, cheese \$1.2737, and dry whey \$.2406. The Class II butterfat price is \$1.6890 and the Class III/IV butterfat price is \$1.6820. Further information may be found at: www.ams.usda.gov/dairy/mib/classprcacnmt.pdf

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**CHICAGO MERCANTILE EXCHANGE
CASH TRADING**

CHEESE: carload = 40,000-44,000 lbs., BUTTER: carlot = 40,000-43,000 lbs.

PRODUCT	MONDAY MARCH 26	TUESDAY MARCH 27	WEDNESDAY MARCH 28	THURSDAY MARCH 29	FRIDAY MARCH 30	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE BARRELS	\$1.2900 (N.C.)	\$1.2900 (N.C.)	\$1.2900 (N.C.)	\$1.2900 (N.C.)	\$1.3100 (+.0200)	+.0200	\$1.2940 (+.0215)
40# BLOCKS	\$1.3400 (N.C.)	\$1.3400 (N.C.)	\$1.3400 (N.C.)	\$1.3400 (N.C.)	\$1.3550 (+.0150)	+.0150	\$1.3430 (+.0150)
BUTTER GRADE AA	\$1.6450 (N.C.)	-----	\$1.6700 (+.0250)	-----	\$1.6925 (+.0225)	+.0475	\$1.6692 (+.0559)

*Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM (NOTE: The NDM daily/weekly prices are no longer reported here. Extra Grade and Grade A prices are \$1.0300. They last changed 9/1999. NDM information remains available at the above internet address.)

CHICAGO MERCANTILE EXCHANGE

MONDAY, MARCH 26, 2001

CHEESE --SALES: 1 CAR BARRELS @ \$1.3000; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.2900
 BUTTER --SALES: 6 CARS @ \$1.6450; BIDS UNFILLED: 1 CAR @ \$1.6300; OFFERS UNCOVERED: 1 CAR @ \$1.6550

TUESDAY, MARCH 27, 2001

CHEESE -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

WEDNESDAY, MARCH 28, 2001

CHEESE -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

BUTTER -- SALES: 5 CARS: 1 @ \$1.6650, 1 @ \$1.6700, 1 @ \$1.6725, 1 @ \$1.6700, 1 @ \$1.6675; BIDS UNFILLED: 15 CARS: 1 @ \$1.6700, 3 @ \$1.6650, 1 @ \$1.6625, 1 @ \$1.6600, 2 @ \$1.6575, 1 @ \$1.6550, 1 @ \$1.6525, 1 @ \$1.6500, 1 @ \$1.6475, 3 @ \$1.6450; OFFERS UNCOVERED: 1 CAR @ \$1.8000 .

THURSDAY, MARCH 29, 2001

CHEESE -- SALES: 3 CARS BARRELS: 1 @ \$1.3000, 1 @ \$1.2975, 1 @ \$1.2900; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

FRIDAY, MARCH 30, 2001

CHEESE -- SALES: 2 CARS 40# BLOCKS: 1 @ \$1.3575, 1 @ \$1.3550; BIDS UNFILLED: 1 CAR BARRELS @ \$1.3100; 2 CARS 40# BLOCKS @ \$1.3425; OFFERS UNCOVERED: NONE

BUTTER — SALES: NONE; BIDS UNFILLED: 5 CARS: 1 @ \$1.6925, 1 @ \$1.6900, 1 @ \$1.6850, 2 @ \$1.6700; OFFERS UNCOVERED: NONE

Dairy Market News will resume reporting of CME nonfat dry milk sales, bids, and offers, should trading activity occur.

BUTTER MARKETS**NORTHEAST**

The market tone remains unsettled, but mostly firm. The butter price at the CME cash market has increased 14.5 cents since February 28. The current price (\$1.6450) is a record high for March. A year ago, the cash price at the CME was \$1.10-1.11. Production levels in the East are light and cream supplies continue to be reported as light. More producers seem to be holding their output with growing confidence. They are filling contracts, but do not appear to be overly anxious to make spot sales. Demand is fair to good. Print orders are fairly good as retailers stock up for anticipated Easter/Passover needs. Some retail features are already in place. Food service orders are about steady. Sales of bulk butter, f.o.b. East, are reported in a range of 2.5 – 7.0 cents over the CME price/average.

CENTRAL

The market tone remains firm and the cash price at the CME is at a record level for March. Reports indicate that butter makers continue to aggressively purchase cream from local and out-of-region suppliers. Speculation by producers, traders, and users has the CME butter price climbing throughout the summer. The current tight milk supply east of the Rockies does not bode well for cream availability in the months ahead. Currently, churning activity is generally moderate. Bulk butter continues to be stored for anticipated

summer needs. Demand is reported as good and some producers and handlers are holding existing inventories with growing confidence. Retail sales are slow to fair, but expected to improve as the Easter/Passover holidays approach. When available for spot sale, butter is being offered in a price range of 2 – 3 cents per pound over various pricing bases.

WEST

Demand for print butter remains quite strong even though most Easter supplies should be in stores by now. Food service orders are being called very good for the restaurant trade. Bulk butter sales for immediate needs and for future demand are both rated as good. More contacts are becoming concerned about butter availability and prices during the normally very strong fall season. Some are stating that imports of butter to help cover needs this fall don't look very promising. Even at these record high prices for March, demand for cream for churning is excellent. More interest is being noted from the ice cream trade also. Weekly CME butter stocks grew by a little over 300,000 pounds last week and now stand at 54.0 million pounds. Last year for the comparable period stocks were 66.5 million pounds. Last year at this time, in relation to the Easter holiday, weekly stocks had declined for three consecutive weeks. This year, stocks have continued to build slowly. Current prices for bulk butter nominally range from 4 cents under to flat market based on the CME with various time frames and averages involved.

NASS DAIRY PRODUCT PRICES
 U.S. AVERAGE AND TOTAL POUNDS

WEEK ENDING	CHEESE		NDM	BUTTER	DRY WHEY
	40# BLOCKS	BARRELS 38% MOISTURE			
MARCH 24	1.2746 6,940,083	1.2782 8,459,790	1.0115 22,318,309	1.5458 4,375,383	0.2388 11,853,442

Further data and revisions may be found on the internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

CHEESE MARKETS

NORTHEAST

Prices are higher again this week. The market tone is firm, but there is concern that prices will continue to move higher through the flush, which some contacts believe will be a "non-event" this year. The thought/possibility of continued tight milk supplies is helping fuel the market price trend. Cheese production in the East is about steady, but most plants do have a down day or two each week. Cheddar stocks are more than sufficient to cover current needs. Putting \$1.30+ cheese into already growing aging programs isn't something that many producers are anxious to do. Demand for current cheddar is fair. Mozzarella demand is holding up nicely and clearing most of the current output. Retail sales are just fair and food service order are fair to good.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.3725-1.8425
Cheddar Single Daisies	:	1.3300-1.7900
Cheddar 40# Block	:	1.4675-1.6500
Process 5# Loaf	:	1.4825-1.6550
Process 5# Sliced	:	1.5025-1.7575
Muenster	:	1.5325-1.7400
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

MIDWEST

The cheese market is steady. Current cash cheddar prices at the Chicago Mercantile Exchange are well above comparable 2000 weekly levels, but within a few cents above and below the comparable weekly average prices in 1997 - 1999. Some extra interest is noted in several of the shorter shelf life varieties and in non-cheddar American styles such as jack. Mozzarella remains generally tight to short of needs. Process sales remain strong, bolstered in some markets by food service promotional activity. Swiss supplies are tight as movement has been good. It appears that less cheddar is being put into speculative aging programs after the big volume increase last year. Some tightness is noted in medium to aged cheddar produced last fall. Current cheese production is little changed through much of the Midwest.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.4925-1.5600
Brick And/Or Muenster 5#	:	1.5300-1.9225
Cheddar 40# Block	:	1.5300-2.1150
Monterey Jack 10#	:	1.7300-2.1150
Blue 5#	:	2.0675-2.1600
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.5400-2.2150
Grade A Swiss Cuts 6 - 9#	:	2.0450-2.6850

MIDWEST COMMODITY CHEDDAR

Dollars per pound, standard moisture basis (37.8-39.0%),
carlot/trucklot, F.O.B. plants or storage centers.

CHEDDAR STYLES	:	MARCH 26 - 30, 2001
BARRELS*	:	\$1.2725 - 1.3050 (NOMINAL)
	:	(\$.0050) (.0125)
40# BLOCKS	:	\$1.3275 - 1.3700 (NOMINAL)
	:	(\$.0150) (.0200)

() Change from previous week. * If steel, barrel returned.

WEST

Process and Swiss prices are holding steady while natural prices are increasing following trading at the CME last week. Trading activity this week at the Exchange has been very light so far with no price changes. Processors continue to be very active in the market acquiring barrels and other processing solids. Any cheese to go into this type of application ranges from balanced to on the short side. Current blocks are also finding very good demand because of some normal spring features that are taking place. Demand for aged cheese is generally on the light side and stocks are often being called heavy. Swiss cheese sales activity is being called quite good for this time of the year. Mozzarella continues to move very well with some orders often being delayed because of the lack of available cheese. Buyers are wondering if additional production capacity will be coming on line this year. Cheese production is not up to expectations over much of the region.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.4225-1.6825
Cheddar 40# Block	:	1.4500-1.5900
Cheddar 10# Cuts	:	1.6300-1.8500
Monterey Jack 10#	:	1.6400-1.8000
Grade A Swiss Cuts 6 - 9#	:	2.3000-2.5100

FOREIGN

Domestic prices continue to rise and imported styles are reported as unchanged. The market tone and retail demand for foreign type cheeses are steady. However, there continues to be a lot of concern over the ability to import EU cheeses. In Europe, the news regarding BSE and FMD have given a boost to cheese consumption. Preliminary statistics show that in-home consumption for some countries is up 5% from December to January. This may also affect exporting to the U.S. and other countries. After eight months of the current WTO-year, EU export licenses for cheese are running just below the allowable levels.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Roquefort	: TFEWR	: -0-
Blue	: 2.6400-3.1400	: 1.6750-3.1700*
Gorgonzola	: 3.2400-5.9400	: 2.2250-2.4900*
Parmesan (Italy)	: TFEWR	: 3.0900-3.1150*
Romano (Italy)	: 2.1000-2.5400	: -0-
Provolone (Italy)	: 3.4400-5.5000	: 1.6825-1.9500*
Romano (Cows Milk)	: -0-	: 2.8650-5.0450*
Sardo Romano (Argentine)	: 2.6500-3.2900	: -0-
Reggianito (Argentine)	: 2.6500-3.2900	: -0-
Jarlsberg-(Brand)	: 2.7400-3.3100	: -0-
Swiss Cuts Switzerland	: -0-	: 2.3500-2.5500
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-
Swiss Cuts Austrian	: 2.2500-2.7500	: -0-
Edam	:	:
2 Pound	: TFEWR	: -0-
4 Pound	: 2.1900-3.0900	: -0-
Gouda, Large	: 2.3900-3.1500	: -0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	: 27.8000-31.7000	: -0-

* = Price change.

WEEKLY COLD STORAGE HOLDINGS-SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER	: CHEESE
03/26/01	21,384	: 122,836
03/01/01	21,328	: 131,168
CHANGE	56	: -8,332
% CHANGE	N.C.	: -6

FLUID MILK AND CREAM

E A S T

Spot shipments of Grade A milk into or out of Florida and other Southeastern states

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	0	105	0	139	0	110
SOUTHEAST STATES	0	0	0	0	0	0

The base price for Class I milk for April 2001 is \$13.44 per cwt., up \$0.79 from March 2001. Class I differentials specific to each order are added to the base price to determine the Class I price. The Class II skim milk price for April is \$8.56, unchanged from March. Milk production is at or nearing the peak in parts of the Deep South, steady to increasing in the Middle Atlantic area, and steady in the Northeast. Fluid milk supplies are long in Florida, tight to adequate further north. Florida contacts report steady milk production, but slower demand for bottled milk. The roads are congested with "winter residents" heading north. This loss of people in Florida and other "wintering areas" of the South have a pronounced impact on bottled milk sales. This week, Florida handlers were scheduled to ship out about the same number of loads they did a year ago. In the Northeast, the milk flow is about steady and supplies are fully adequate to meet the steady bottled milk demand. Some scattered retail features on milk were in effect giving boosts to sales in some locales. Surplus milk supplies remains tight in the Northeast, moderate to heavy in the South. Manufacturing plants in the South were operating on much the same schedules as they were last week. In the Northeast, processing plant contacts are still disappointed at the volumes of milk available to them. Most operations run heaviest on weekends. The condensed skim market is little changed. Demand is fair to good and some suppliers continue to have difficulty meeting their commitments because of the tight supply of surplus milk. The fluid cream market is firm, but more contacts reported a relatively quiet week. The market started the week quite strong, but has weakened as the week progresses. Contacts reported no trouble clearing loads early, but some do have late-week loads still looking for a home. Cream supplies are not as tight as they have been. Prices are higher as the CME butter average for last week jumped nine and a half cents from the previous week. The increasing spot prices may be having more of an effect on purchases. Most butter makers (both local and Midwestern) are paying competitive prices for the available cream. Ice cream and cream cheese production is about steady. Cream bottlers are putting up more UHT cream for the upcoming holidays and, possibly, to beat further price increases. Churning activity in the East is moderate.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. PRODUCING PLANTS: NORTHEAST	-	2.0650-2.2586
DELIVERED EQUIVALENT ATLANTA	-	2.0650-2.2586 M 2.0973-2.1296
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	2.0731-2.1941

PRICES OF CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. PRODUCING PLANTS:	
NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES -	1.0900-1.1500
NORTHEAST- CLASS III - SPOT PRICES	- .8600- .9600

M I D W E S T

Class I demand is still holding up strong seasonally. Retail features on fluid are aiding sales in some markets. Also, manufacturers have geared up production of various holiday items such as dips and sour cream. A bottler brought only 10 loads into the Chicago area from Arkansas and/or Missouri to supplement more traditional supply sources within the region. Milk supplies remain unseasonably tight through much of the upper tier of states, reducing manufacturing schedules below desired levels at many plants. In general, few firms are seeing the usual seasonal increase in overall receipts except further south in the region. Some plant operators have their field staff actively searching for new patrons to add to, yet also preserve their current supply since they feel milk will be very tight by late summer. Manufacturing milk demand is still good for the limited supplies. Manufacturing milk premiums generally range from \$1.80 – 2.40 over class, with a top of \$2.75. Class II Condensed skim prices are reported at \$1.1100 – 1.1250. Cream prices are now over \$2.00 per pound, aided by the continued firmness in the cash

butter market at the Chicago Mercantile Exchange. Ice cream production is steady to increasing seasonally competing actively with churners for cream. Milk receipts are changing little on a week-to-week basis with some firms seeing declines while compared to others with slight increases. Some light fieldwork is occurring like fertilizing winter wheat early in the morning while the ground is still firm on the surface. The snow cover continues to disappear despite the recent cooler than normal temperatures. The grass green up has thus far been limited.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	MARCH 22 - 28	PREVIOUS YEAR
SLAUGHTER COWS	\$ 38.50- 44.00	\$ 38.00- 43.00
REPLACEMENT HEIFER CALVES	\$300.00-420.00	\$190.00-325.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	MARCH 22 - 28	PREVIOUS YEAR
SLAUGHTER COWS	\$ 39.00- 50.50	\$ 35.00- 46.50

W E S T

February pool receipts of milk in California total 2.512 billion pounds, 3.4% higher than last year, adjusted for leap day. Cumulative pool output through February 2001 totaled 5.235 billion pounds (adjusted for extra day in February 2000), up 3.3% from 2000. The February blend price, at a fat test of 3.77%, is \$12.01, 21 cents higher than January and \$1.48 higher than February 2000. The percentage of receipts used in Class I products is 19.91%. The February quota price is \$13.04 and the base and overbase prices are \$11.34. These prices are 31 cents higher than last month and \$1.39 higher than February 2000. Weather conditions remain near excellent for cow comfort and milk production in most parts of the Southwest. Farmers and processors are assessing bio security responses and preventative measures brought to the forefront by the foot and mouth crisis in Europe. Temperatures are warm during the day throughout California and milk output is responding favorably. Processors are noting milk production to be higher by 1 to 3%. The "cloud" over California now is the increase in electric rates of 46% approved this week. The impact on processors is being assessed, but the reality is that operating costs are headed higher. Additionally costs will be higher for all segments of the industry in the state. Feed costs are generally steady with haying beginning in the southern Central Valley. First cuttings in the Imperial Valley were often rained on and the quality and pricing suffered. Prices of calves, springing heifers and milk cows are trending higher and supplies are tight. Cull cow prices are also higher and more culling of low-end cows is indicated. Arizona milk production is trending higher from the last few weeks and thought to be approaching seasonal peak levels. Warm weather and dryer conditions are allowing cow lots to dry. Milk output is responding favorably. New Mexico milk production ranges from steady to slightly higher. Weather conditions are also cow friendly and production per cow is trending higher, towards seasonal peaks. Cow prices are higher and demand good. Western cream prices continue to trend higher as the butter price at the CME moved to \$1.6700 on Wednesday. Weekly average prices continue higher. Multiples are in the 115 to 133 range FOB West. Demand for cream remains strong from a variety of users and butter producers are selling extra cream at good returns. Milk production is showing more strength in the Pacific Northwest. Some plant operators are somewhat surprised after seeing output lag behind expectations all spring. Light shower activity is occurring over much of the region. Any moisture is welcome at this time and it will certainly help crops that will be planted shortly. The ongoing concern is that it is too little too late. Both hay growers and buyers are wondering how this season is going to shape up. Both sides believe that a very firm market is possible. Heifer markets are showing some added strength. Some of this may be based on the improved outlook for milk prices this summer and into the fall. It still probably doesn't pencil out, but the relationship may be about the same as earlier in the year. Much of the northern Mountain States region has been approaching the 60-degree mark many days. Some contacts are concerned that the early season high temperatures may mean a hot summer ahead. That is something no one is hoping for because of the shortness of the water supply. All the power and irrigation issues haven't been finalized yet, but the assumption is that the end result will probably be higher hay prices this summer. Carry over stocks coming into the spring season are very light and the quality is short of what most dairy producers would like to purchase.

CENTRAL AND WEST DRY MILK PRODUCTS

All reports, except California manufacturing plants, were released 03/29/01 and represent FOB Central and Western production areas. Prices represent CL/TL quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL

Prices are unchanged on a steady market. Milk production remains unchanged, encouraging steady production of NDM. Stocks are in better balance at Extra Grade facilities. Some producers are speculating tight supplies through the year and are considering building stocks instead of readily clearing supplies. Grade A product remains tight with plants generally working off current inventories. Supplies are not anticipated to increase until late April. Product continues to be made in anticipation of offering into the CCC. High heat is being produced on an as needed basis into blending facilities for the good demand. Standard grade is difficult to find with buyers looking to the West Coast for additional supplies.

Includes EXTRA GRADE and GRADE A, low and medium heat

NONFAT DRY MILK: 1.0025 - 1.0600 MOSTLY: 1.0225 - 1.0275

DRY BUTTERMILK - CENTRAL

Prices are unchanged to higher on a firm market. Trading is very light. Most buttermilk is clearing in the condensed form, alleviating dryer cost at the plant. Some plants would rather discount a load of condensed than start up the dryer. Dryer schedules are unchanged to lower due to lighter churning activity and good condensed movement. Supplies are generally tight with a few plants holding back on their loads in an attempt to gain expected higher prices. Stocks are anticipated to be tight throughout the summer. Demand is slow. Buyers are already aware of the limited Central region supplies and are searching for additional product in the coastal areas.

BUTTERMILK: 1.0250 - 1.0700

DRY WHEY - CENTRAL

Prices are unchanged to lower on a mostly steady market. Trading activity is light. While supplies are generally tight, some traders are reporting purchases on multiple load shipments below the average. Production is mostly steady to somewhat lower due to lackluster seasonal growth in the milk supply. Inquiries from resellers are heavy. Traders are hesitant to buy unless a sale is assured. Some export interest is being reported with most plants unable to satisfy spot demands. However, additional loads on regular commitments are generally available, especially into feed plants. Requests for feed grade product are increasing. Condensed supplies are mostly adequate to somewhat short of demand, especially into WPC/lactose facilities.

NONHYGROSCOPIC: .2225 - .2500 MOSTLY: .2400 - .2450

ANIMAL FEED WHEY - CENTRAL

Prices are mostly unchanged on a steady market. Demand for animal feed is increasing from export and domestic markets. Inquiries from resellers are heavy. Increased demand may in part be explained by feed producer expectations that meat production will grow in areas not affected with Foot and Mouth Disease. Delactose remains tight with more edible inquiries occurring, especially into infant formula companies. Movement into feed facilities is steady on a contractual basis. Lean hog, barrow, gilt and early weaned pig prices are trending lower while North Central veal prices move higher.

MILK REPLACER: .1800 - .2100
ROLLER GROUND: .2275 - .2575
DELACTOSE (Min. 20% protein): .4150 - .4300

LACTOSE - CENTRAL AND WEST

Prices are higher on a firm market. While not all second quarter contracts are finalized, prices are generally trending higher. Production is steady to lower due to equipment problems at some plants and less than seasonal milk output. Domestic and export demand into infant formula companies is strong, especially on 100 mesh. Although dairy products from Foot and Mouth Countries are reportedly safe for human consumption, some firms are opting not to purchase lactose from infected areas, increasing US demand. Inquiries are noted from the EU, Mexico and Japan. Most plant supplies are tight with producers often shorting contractual loads. However, at a few locations, supplies are somewhat long due to unexpected changes in contractual agreements. Movement of 200 mesh is good while the 30 mesh trade is mostly fair. Off grade product remains available, yet supplies are notably lower than in weeks past.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

EDIBLE: .1675 - .2150 MOSTLY: .1675 - .1875

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are unchanged on a steady to firm market. While producers continue to report tight supplies, more product is available from resellers and end users holding excess supplies. Demand is mixed, best on contractual agreements. While some buyers are eagerly picking up additional loads when available, others are refusing product at 1/4 - 1 cent premiums because the price is perceived as too high. Product sold through resale markets is being reported on a delivered basis that tends to work back to an FOB price at the average to occasionally 1 cent lower. Production is steady to lower at some locations due to plant equipment problems. Some plants are shorting contractual loads yet willing to sell at substantial premiums. Buyers continue to seek alternative and more attractively priced protein sources such as delactose or demineralized whey. However, supplies of alternative proteins are not readily available. Off grade demand is good and supplies are limited.

EXTRA GRADE 34% PROTEIN: .7875 - .8200 MOSTLY: .7875 - .7925

NONFAT DRY MILK - WEST

Low/medium heat NDM prices are unchanged in a steady market. Offerings remain heavy to the support program and to additional DEIP orders. There is more interest in obtaining DEIP powder as big acceptances were commenced over the last few weeks. In fact, very little NDM (less than 800 MT) remains under the current DEIP year program. While rolling blackouts were not a problem this week in California, processors are digesting the impact that a 46% increase in electrical rates will have on processing costs. The foot and mouth issues in the EU remain a concern for producers assessing the impact on the dairy industry in local and global economies. No changes were noted for high heat prices in a balanced market. Supplies and demand are even. During the week of March 19 - 23, CCC net purchases totaled 9.7 million pounds of Western NDM.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: .9950 - 1.0300 MOSTLY: 1.0025 - 1.0175
HIGH HEAT: 1.0300 - 1.0700

DRY BUTTERMILK - WEST

Dry buttermilk prices and the market tone remain steady with some firmness noted in the market. Demand is up slightly on a seasonal basis and the demand for condensed buttermilk is still active and preferred to avoid the high costs of drying. There is dryer capacity available for processing if needed. As the butter market price increases, people often expect more butter to be churned and, consequently, more buttermilk available. However, sales of cream are active to ice cream producers and to make other cream-based items. Stocks of dry buttermilk are mostly light.

BUTTERMILK: .9700 - 1.0300 MOSTLY: .9800 - .9900

DRY WHEY - WEST

Prices for Western whey are showing some additional strength after being on a plateau for a short time. Domestic sales range from fair to good. Some manufacturers have less dry product for sale because they are increasing sales of condensed whey. Increasing drying costs are certainly a factor in this decision. Export interest is about steady at this point in time. Contacts, however, are questioning how much impact the foot and mouth disease issues will have on demand for U.S. powder. They are noting impacts for other commodities. Light stocks of powder are being held with more confidence. Less downgraded powder is being offered into the market at this time.

NONHYGROSCOPIC: .2200 - .2550 MOSTLY: .2400 - .2500

CALIFORNIA MANUFACTURING PLANTS - NONFAT DRY MILK

WEEK ENDING	PRICE	POUNDS
March 23	\$1.0054	13,878,590
March 16	\$1.0072	12,297,884

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

NORTHEAST, SOUTHEAST, AND NATIONAL MILK PRODUCTS

All reports represent carlot/trucklot quantities for domestic and export sales in 25 kg. or 50 lb. bags, and totes, spray process, dollars per pound, unless otherwise specified. Delivered Southeast is delivered equivalent Atlanta.

NONFAT DRY MILK - NORTHEAST AND SOUTHEAST

The prices and the market tone are steady with Eastern prices nominal. Under current marketing conditions, few spot sales are taking place at the producer level. Production levels are light in the East and most producers have remarkably little NDM on hand. There is a growing concern about production and stocks of Eastern NDM for the remainder of this year. Buyers of plant/brand specific powder will have to alter their purchasing to locate desired volumes. Demand is about steady. However, there is growing speculation that the U.S. NDM market could (for the lack of a more sensitive word) benefit from the problems currently plaguing the EU. Already, contacts report additional interest in NDM and other dry products for export. Last week, the DEIP bid acceptances were up dramatically. Through March 28, the FAS has accepted bids totally 68,043 MT. This leaves only 158 MT still available under this year's program allocation.

Includes EXTRA GRADE AND GRADE A

F.O.B. NORTHEAST:

LOW/MEDIUM HEAT: 1.0300 - 1.0825 MOSTLY: 1.0300 - 1.0600

HIGH HEAT: 1.0575 - 1.1200 MOSTLY: 1.0600 - 1.1000

DELVD SOUTHEAST:

ALL HEATS: 1.0525 - 1.1400

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are unchanged and nominal. The market tone remains steady. Production levels are light to moderate and corresponding to current levels of churning activity. Eastern producers' inventories are light and easily managed. Demand is often for replacement volumes, but as the price of butter increases, some butterfat users may take a renewed interest in dry buttermilk because of the fat content. Ice cream production is starting to improve seasonally and more interest in condensed buttermilk is being noted. Traders report another relatively quiet week of market activity.

F.O.B. NORTHEAST: .9900 - 1.0100

DELVD SOUTHEAST: 1.0200 - 1.1000

DRY WHOLE MILK - NATIONAL

The market is little changed and prices are steady to higher. Somewhat surprisingly, dry whole milk prices have not moved higher at the same pace as the CME butter price. Anticipated higher Class III milk prices for March are expected to push prices higher next week. Production levels are light and mostly centered around meeting contracts. The tight milk supply in the East, the high cost of energy in the West, and the slow demand are deterrents to making dry whole milk at this time.

F.O.B. PRODUCING PLANT: 1.2750 - 1.4200

DEIP BID ACCEPTANCE SUMMARY

JULY 1, 2000 THROUGH MARCH 23, 2001
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK -- 61,436 MT (135,441,805 LBS)
CHANGE -- 22,749 MT (50,152,445 LBS)

CHEESE -- 3,030 MT (6,679,938 LBS)

This program-year allocation is filled.

Allocations for the DEIP year beginning July 1, 2000: Nonfat dry milk - 68,201 MT; Cheese - 3,030 MT; Butterfat - 21,097 MT.

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are mostly steady and nominal. The market tone in the East is steady and firm. More reports of product inquiries were noted this week, particularly for export. With the BSE and FMD problems in the EU, buyers from other countries are showing additional interest for U.S.-made products. Some exporting has been and is ongoing, but there is little dry whey in the East available for immediate shipment. Domestic demand is steady, but there seems to be a little more "shopping" going on. Eastern producers report steady output at levels below expectation. The tight fluid milk supply is keeping some plants from operating at desired levels. Some are barely able to meet their contract commitments for dry whey, and most have little or no product for spot offering. Some improved interest is reported from feed makers/users.

F.O.B. NORTHEAST: EXTRA GRADE .2425 - .2550

USPH GRADE A .2600 - .2675

DELVD SOUTHEAST: .2725 - .2850

EVAPORATED MILK - NATIONAL

Prices are unchanged, but more producers are taking a look at eliminating sales incentives and/or increasing prices. The cost of milk is up since November-January and expected to increase in the coming months. Also, the cost of energy to operate plants is up dramatically. Production levels are steady to lighter as milk supplies are tight for this time of year. The tight milk supply is also adding to the cost of production since any available milk is commanding higher premiums. Demand for canned evaporated milk is fair, but buyers suspecting price increases may try to buy-in before such changes are put into place. Plant stocks are relatively light.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$22.00 - 33.00

Excluding promotional and other sales allowances. Included new price announcements.

CASEIN - NATIONAL

Prices for both casein series remain unchanged, reflecting the inclusion of first quarter contracts and very limited to nonexistent spot sales. Second quarter pricing levels are higher for contracts. Spot sales are expected to remain very limited and higher. Producing countries have very tight and often committed supplies. The foot and mouth disease (FMD) outbreak in the EU is complicating current and future supplies and demand issues for both casein types. Supplies in the United States are tightly held and being assessed on a contingency basis if suppliers have problems.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 2.3500 - 2.5000

ACID: 2.4500 - 2.6000

CHICAGO MERCANTILE EXCHANGE FUTURES
Selected settling prices, (open interest), and volume 1/

Month	03/14	03/15	03/16	03/19	03/20	03/21	03/22	03/23	03/26	03/27
CME - (CLASS III) MILK FUTURES -- Dollars per cwt.										
MAR 01	11.37 (1227) 16	11.38 (1228) 7	11.38 (1212) 19	11.40 (1193) 21	11.40 (1152) 1	11.39 (1155) 3	11.39 (1151) 4	11.39 (1151) 4	11.39 (1143) 14	11.39 (1142) 2
APR 01	11.26 (1322) 34	11.27 (1327) 23	11.34 (1335) 15	11.38 (1348) 46	11.46 (1345) 29	11.47 (1357) 37	11.61 (1359) 41	11.77 (1362) 11	11.74 (1354) 43	11.75 (1371) 40
MAY 01	11.28 (1234) 52	11.30 (1245) 30	11.40 (1250) 29	11.40 (1269) 44	11.53 (1271) 13	11.55 (1289) 37	11.65 (1305) 62	11.90 (1305) 19	11.83 (1319) 57	11.83 (1331) 28
JUN 01	11.80 (1354) 37	11.90 (1373) 41	12.25 (1389) 36	12.22 (1411) 41	12.45 (1422) 34	12.40 (1452) 66	12.55 (1489) 82	12.75 (1504) 37	12.73 (1535) 86	12.75 (1595) 92
JUL 01	12.46 (1403) 47	12.55 (1424) 36	12.90 (1440) 40	12.89 (1465) 44	12.98 (1474) 23	12.95 (1501) 58	12.97 (1523) 80	13.07 (1547) 56	13.05 (1557) 92	13.06 (1600) 88
AUG 01	12.45 (1362) 19	12.55 (1416) 62	12.85 (1421) 18	12.77 (1463) 51	12.94 (1475) 27	12.91 (1489) 46	12.97 (1507) 67	13.05 (1535) 64	13.03 (1558) 82	13.05 (1613) 88
SEP 01	12.66 (1326) 23	12.73 (1330) 48	13.00 (1337) 12	12.89 (1384) 53	13.05 (1396) 19	13.10 (1423) 51	13.16 (1444) 81	13.25 (1468) 74	13.23 (1497) 109	13.23 (1534) 81
OCT 01	12.46 (1226) 15	12.54 (1251) 29	12.99 (1262) 12	12.84 (1308) 56	12.99 (1320) 17	12.99 (1334) 22	12.99 (1357) 83	13.06 (1375) 56	13.00 (1395) 86	12.99 (1438) 73
NOV 01	11.93 (899) 37	12.03 (926) 47	12.30 (930) 5	12.24 (957) 34	12.44 (960) 9	12.41 (983) 32	12.50 (995) 57	12.56 (1003) 17	12.51 (1027) 86	12.49 (1068) 66
DEC 01	11.72 (734) 9	11.80 (749) 21	11.95 (749) 5	11.89 (784) 44	12.10 (788) 4	12.00 (793) 7	12.00 (812) 47	12.05 (817) 24	12.00 (851) 77	12.00 (853) 11
JAN 02	11.23 (102) 8	11.23 (108) 8	11.31 (110) 4	11.40 (114) 4	11.40 (116) 5	11.45 (118) 4	11.42 (118) 1	11.41 (121) 7	11.45 (127) 22	11.45 (129) 6
FEB 02	11.05 (25) 0	11.10 (24) 15	11.15 (26) 2	11.19 (32) 17	11.20 (36) 4	11.15 (36) 0	11.15 (38) 2	11.15 (40) 2	11.15 (46) 6	11.14 (49) 7
CME - CLASS IV MILK FUTURES - Dollars per cwt.										
MAR 01	13.40 (254) 6	13.40 (254) 10	13.40 (254) 0	13.40 (251) 3	13.50 (251) 0	13.50 (251) 0	13.50 (251) 0	13.50 (251) 0	13.50 (251) 0	13.50 (251) 0
APR 01	13.75 (231) 0	13.75 (232) 1	14.00 (232) 0	14.05 (231) 4	14.10 (234) 5	14.35 (242) 14	14.42 (242) 2	14.53 (242) 0	14.52 (242) 4	14.35 (241) 1
MAY 01	13.80 (252) 0	13.80 (253) 2	14.10 (253) 0	14.15 (251) 2	14.10 (252) 6	14.35 (261) 12	14.45 (278) 18	14.45 (278) 0	14.45 (287) 9	14.40 (288) 1
JUN 01	13.75 (209) 0	13.80 (209) 0	13.80 (209) 0	14.00 (210) 1	14.00 (213) 3	14.30 (227) 22	14.50 (243) 19	14.50 (245) 2	14.50 (259) 14	14.45 (260) 1
JUL 01	13.75 (225) 0	13.80 (225) 0	13.80 (225) 0	14.00 (226) 1	14.20 (229) 3	14.35 (241) 20	14.45 (259) 21	14.45 (259) 0	14.45 (268) 14	14.45 (269) 1
AUG 01	13.85 (168) 0	13.85 (168) 0	13.85 (168) 0	13.85 (168) 1	14.20 (169) 3	14.35 (181) 12	14.45 (184) 4	14.45 (200) 17	14.50 (213) 18	14.50 (214) 2
SEP 01	13.90 (153) 0	13.90 (158) 5	13.90 (158) 0	13.90 (158) 1	14.20 (159) 3	14.25 (170) 11	14.35 (171) 1	14.50 (187) 16	14.50 (200) 18	14.50 (200) 0
OCT 01	13.55 (211) 0	13.56 (211) 0	13.56 (211) 0	13.56 (211) 0	13.56 (215) 4	14.20 (230) 17	14.35 (231) 1	14.50 (231) 0	14.50 (259) 34	14.50 (260) 3
NOV 01	13.80 (173) 0	13.80 (173) 0	13.80 (173) 0	13.80 (173) 0	13.80 (177) 4	14.20 (194) 17	14.35 (196) 2	14.50 (196) 0	14.50 (223) 36	14.50 (223) 0
DEC 01	12.85 (50) 0	12.85 (52) 2	12.90 (54) 2	13.00 (54) 0	13.00 (54) 0	13.00 (54) 0	13.00 (54) 0	13.10 (54) 0	13.10 (63) 9	13.10 (63) 0
CME - BUTTER FUTURES -- Cents per pound										
MAR 01	152.00 (6) 0	152.00 (6) 0	156.00 (7) 2	158.00 (5) 0	158.00 (3) 1	162.00 (1) 0				
MAY 01	155.00 (55) 0	155.00 (55) 0	160.00 (55) 0	160.05 (55) 0	161.25 (55) 0	165.25 (56) 1	166.50 (56) 0	166.50 (55) 1	168.00 (55) 0	168.00 (55) 0
JUL 01	158.00 (71) 0	158.00 (71) 0	163.00 (71) 0	163.00 (71) 0	163.25 (71) 0	168.00 (71) 3	170.00 (71) 0	170.00 (71) 3	171.50 (71) 0	171.50 (71) 0
SEP 01	163.00 (40) 0	163.00 (40) 0	168.00 (40) 0	168.00 (40) 0	169.00 (40) 0	173.00 (40) 1	173.50 (40) 0	175.00 (41) 1	175.00 (43) 2	175.00 (43) 0
OCT 01	160.00 (6) 0	160.00 (6) 0	165.00 (6) 0	165.00 (6) 0	165.00 (6) 0	170.00 (6) 0	170.00 (6) 0	170.00 (6) 0	170.00 (6) 0	170.00 (6) 0

1/ At the CME open interest for milk -- 200,000 pounds per contract. For more detailed information, you may call our automated voice system at 608-224-5088.

INTERNATIONAL DAIRY MARKET NEWS

Information gathered March 19 - 30, 2001

Prices are U.S. Dollars per MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

WESTERN AND EASTERN EUROPE

OVERVIEW: WESTERN EUROPE: In general, the current situation is chaotic in the EU due to discovery of foot and mouth (FMD) disease. Situations continue to evolve with FMD and whether or not it is under control or contained, particularly in Britain. At least one European source mentioned to not believe everything being reported by the press. Discussion over using vaccinations for the disease in Britain is continuing. Some milk was dumped in affected areas in FMD infected countries as the farm tanks were full, trucks were not allowed on farms and animals still had to be milked. Restrictions on cattle and product movement outside the directly affected areas are also a factor in prices. Many countries purchasing dairy products are following required protocol for the disease, but spot activity is currently light and prices are higher for product produced outside of affected countries. Buyers are requiring increased documentation on product and current production as the source of the milk used in production. What affect the disease will have on producers trying to meet their milk quota during the year ending March 31 is still up in the air and far from the top of the list of current concerns. In countries unaffected by FMD, some producers are limiting current shipments in order to meet quotas and are feeding extra milk to calves until the April 1 start of the new quota year. Most Western European prices reported are nominal as current sales activity is down sharply, assuming the product can even be shipped due to transportation restrictions. At least in one country bordering an FMD infected country, transporting animals is still being restricted as a precaution near the border. Cheese demand has been bolstered within the EU by consumers looking to avoid meat consumption after the scare of BSE and FMD. This is impacting current production of skim and butter as well as whole milk as more milk remains in cheese production. Current cold, wet weather conditions in some EU countries may also delay the spring peak production season.

BUTTER/BUTTEROIL: The market and prices are nominal. Prices of butter in countries currently not affected by foot and mouth disease are higher than those in affected countries. Butter supplies are tight as Easter/Lenten orders are being filled seasonally. Also, strong cheese demand in a few EU countries is reducing the volumes of milk used for butter production. Butter from Poland and the Czech republic is reportedly available at prices under the reported range.

82% BUTTERFAT:	1,200 - 1,350
99% BUTTERFAT:	1,400 - 1,600

SKIM MILK POWDER (SMP): The skim milk market seems weaker on a very light test. Prices and sales are nominal as demand is quiet. Production is generally light as demand for milk is better in competitive products. Reports indicate some buyers are more interested in whole milk rather than skim at this time.

1.25% BUTTERFAT:	2,050 - 2,150
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WHOLE MILK POWDER (WMP): The market is firm. Production is still light entering the new production season as some farmers in countries unaffected by foot and mouth disease work on meeting their old season quotas. Strong cheese demand is also impacting milk supplies available for drying.

26% BUTTERFAT:	2,000 - 2,100
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SWEET WHEY POWDER: Prices are nominal. Good seasonal feed demand is being hampered by tight supplies. Prices are generally on the upper end of the range for nearby deliveries and lower for later deliveries.

NONHYGROSCOPIC:	450 - 520
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OVERVIEW: EASTERN EUROPE: Eastern European production continues to build although recent colder, wet weather may hamper receipts in the short term. Intervention stocks of Polish butter are being offered onto the market. The foot and mouth disease scare is making buyers cautious about buying any product from Europe.

OCEANIA

OVERVIEW: Oceania countries are coming close to the end of the peak production season. New Zealand is expecting a good finish to the season with the milk production total projected to be 6 - 7% above the previous season. However, Australian milk production was hampered by low prices (deregulation) and weather related problems. For the season, Australian milk production is expected to be 2 - 3% below the previous season with milk solids down around 4%. Generally, spot inventories are limited as sellers try to meet commitments made earlier. The unsettled situation concerning foot and mouth disease and BSE in parts of Western Europe has caused some buyers to seek product from alternative sources such as Oceania. However, as the production season is winding down, Oceania is not expected to provide much extra product as they try to fill orders made previously.

BUTTER: The butter market is steady to firm and prices are higher. Traders feel that prices could increase further. Supplies are adequate to meet current commitments but uncommitted supplies are limited. Anhydrous milkfat supplies are also limited.

82% BUTTERFAT:	1,250 - 1,350
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CHEDDAR CHEESE: The cheddar market is firmer with spot offerings limited. Good demand, often from traditional Far East markets, has kept inventories from accumulating. Most current product is still being produced to meet commitments made previously.

39% MAXIMUM MOISTURE:	2,050 - 2,200
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SKIM MILK POWDER (SMP): The skim market is steady to weak as prices dipped on the low end of the range. With the butter and whole milk markets firm, buyers seem to have backed off on skim milk powder, perhaps due to a demand slowdown in some Far Eastern markets. Some extra product is available.

1.25% BUTTERFAT:	2,050 - 2,175
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WHOLE MILK POWDER (WMP): The whole milk market is firm and prices are unchanged to higher. Supplies are limited and some extra spot interest was noted. It appears that some buyers switched demand from skim over to whole milk.

26% BUTTERFAT:	2,050 - 2,100
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Exchange rates for selected foreign currencies: MARCH 26, 2001

.4065 Dutch Guilder	.4580 German Mark
.1366 French Franc	.4161 New Zealand Dollar
.1050 Mexican Peso	.5007 Australian Dollar
1.4343 British Pound	.0082 Japanese Yen
.2439 Polish Zloty	.8959 Euro

To compare the value of 1 US Dollar to Mexican Pesos: (1/.1050)= 9.5238
That is 1 US Dollar equals 9.5238 Mexican Pesos.

Source: Wall Street Journal

FEDERAL MILK ORDER ADVANCE PRICES, APRIL

Class I Base Price -- Under the Federal milk order pricing system, the Class I base price for April 2001 is \$13.44 per cwt. This price is derived from the advanced Class IV skim milk pricing factor of \$7.86 and the advanced butterfat pricing factor of \$1.6722. A Class I differential for each order's principal pricing point (county) is added to the base price to determine the Class I price. **Class II Price Information --** The advanced Class IV skim milk pricing factor is \$7.86. Thus, the Class II skim milk price for April is \$8.56 per cwt., and the Class II nonfat solids price is \$0.9511. **Product Price Averages --** The two-week product price averages for April are: butter \$1.4862, nonfat dry milk \$1.0132, cheese \$1.2769, and dry whey \$0.2406.

FEDERAL MILK ORDER CLASS I PRICE INFORMATION ^{1/} ^{2/}				
Federal Milk Order Marketing Area ^{3/}	Order Number	April 2001		
		Class I Price (3.5 %)	Class I Skim Milk Price	Class I Butterfat Price
		\$ per cwt.	\$ per cwt.	\$ per pound
Northeast (Boston) ^{4/}	001	16.69	11.11	1.7047
Appalachian (Charlotte) ^{5/}	005	16.54	10.96	1.7032
Southeast (Atlanta) ^{6/}	007	16.54	10.96	1.7032
Florida (Tampa) ^{7/}	006	17.44	11.86	1.7122
Mideast (Cleveland) ^{8/}	033	15.44	9.86	1.6922
Upper Midwest (Chicago) ^{9/}	030	15.24	9.66	1.6902
Central (Kansas City) ^{10/}	032	15.44	9.86	1.6922
Southwest (Dallas) ^{11/}	126	16.44	10.86	1.7022
Arizona-Las Vegas (Phoenix) ^{12/}	131	15.79	10.21	1.6957
Western (Salt Lake City) ^{13/}	135	15.34	9.76	1.6912
Pacific Northwest (Seattle) ^{14/}	124	15.34	9.76	1.6912
All-Market Average		16.02	10.44	1.6980

^{1/} To convert the Class I price per 100 pounds to the Class I price per gallon, divide by 11.63--the approximate number of gallons in 100 pounds of milk. ^{2/} Note: The mandatory \$0.20 per cwt. processor assessment under the Fluid Milk Promotion Order is not included in the Class I prices shown on this table. ^{3/} Names in parentheses are the major city in the principal pricing point of the markets. ^{4/} Class I prices at other cities are: New York City, minus \$0.10; Philadelphia, minus \$0.20; Baltimore, minus \$0.25; and Washington, DC, minus \$0.25. ^{5/} Class I prices at other cities are: Knoxville, minus \$0.30 and Louisville, minus \$0.90. ^{6/} Class I prices at other cities are: New Orleans; plus \$0.50; Memphis, minus \$0.30; Nashville, minus \$0.50; and Springfield, Mo., minus \$0.90. ^{7/} Class I prices at other cities are: Orlando, same; Miami, plus \$0.30; and Jacksonville, minus \$0.30. ^{8/} Class I prices at other cities are: Indianapolis, same; Cincinnati, plus \$0.20; Pittsburgh, plus \$0.10; and Detroit, minus \$0.20. ^{9/} Class I prices at other cities are: Milwaukee, minus 0.05; and Minneapolis, minus, \$0.10. ^{10/} Class I prices at other cities are: Des Moines, minus 0.20; Omaha, minus 0.15; Oklahoma City, plus 0.60; St. Louis, same; and Denver plus \$0.55. ^{11/} Class I prices at other cities are: Houston, plus \$0.60; San Antonio, plus \$0.45; Albuquerque, minus \$0.65; and El Paso, minus \$0.75. ^{12/} Class I price at Las Vegas is minus \$0.35. ^{13/} Class I price at Boise is minus \$0.30. ^{14/} Class I prices at other cities are: Portland, same; and Spokane, same.

CORRECTED - FEDERAL MILK ORDER PRICE AND POOL SUMMARY, FEBRUARY

HIGHLIGHTS. Handler reports of receipts and utilization under the Federal milk order system for February have been filed and tabulated. Combined totals for the 11 consolidated orders are being released. During February, about 9.0 billion pounds of milk were received from producers. This volume of milk is 3.7 percent lower than the adjusted February 2000 volume. (Taking into account the volume of milk not pooled due to intraorder disadvantageous price relationships, the year-to-year change is 0.4 percent.) About 3.6 billion pounds of producer milk were used in Class I products, 0.5 percent lower than the previous year. Calendar composition likely had a negative impact on milk used in Class I in 2001 as compared to 2000. The all-market average Class utilization percentages were; Class I = 40%, Class II = 9%, Class III = 45%, and Class IV = 6%. The weighted average statistical uniform price was \$12.23 per cwt., \$0.63 lower than last month, and \$0.75 higher than last year.

PRICE AND POOL STATISTICS FOR FEDERAL MILK ORDER MARKETING AREAS FOR THE MONTH OF FEBRUARY 2001										
FEDERAL MILK ORDER MARKETING AREA <u>1/</u>	ORDER NUMBER	RECEIPTS OF PRODUCER MILK		UTILIZATION OF PRODUCER MILK IN CLASS I			UTILIZATION OF PRODUCER MILK IN OTHER CLASSES			UNIFORM PRICE <u>3/</u>
		TOTAL	CHANGE FROM PREV. YEAR <u>2/</u>	TOTAL	CHANGE FROM PREV. YEAR <u>2/</u>	PERCENT	CLASS II	CLASS III	CLASS IV	
		MIL. LBS.	PERCENT	MIL. LBS.	PERCENT		PERCENT			\$ PER CWT.
Northeast (Boston)	001	1,898.4	-3.4	822.3	1.3	43	16	31	9	13.62
Appalachian (Charlotte)	005	516.3	8.6	334.2	0.6	65	14	11	10	14.48
Southeast (Atlanta)	007	620.0	1.5	379.6	-1.5	61	12	18	9	14.15
Florida (Tampa)	006	233.7	-0.7	209.3	-1.7	90	7	2	1	15.91
Mideast (Cleveland)	033 <u>4/</u>	1,195.2	17.1	518.6	-2.3	43	7	47	3	12.28
Upper Midwest (Chicago)	030 <u>4/</u>	1,578.8	-27.9	311.8	-4.8	20	3	77	1	11.15
Central (Kansas City)	032 <u>4/</u>	1,293.0	28.9	390.2	2.0	30	6	62	2	11.82
Southwest (Dallas)	126 <u>4/</u>	628.7	-17.5	311.3	0.7	49	6	44	1	13.24
Arizona-Las Vegas (Phoenix)	131	245.6	-6.5	77.5	-1.2	32	4	36	29	12.48
Western (Salt Lake City)	135 <u>4/</u>	293.8	0.6	81.2	0.7	28	8	63	1	11.79
Pacific Northwest (Seattle)	124 <u>4/</u>	498.9	-6.0	159.1	-2.7	32	6	38	24	12.35
ALL MARKET AVERAGE OR TOTAL	<u>4/</u>	9,002.3	-3.7	3,595.1	-0.5	40	9	45	6	12.23

1/ Names in parentheses are the major city in the principal pricing point of the market.

2/ Data for February 2000 have been adjusted to a 28-day basis before computing percent changes.

3/ Statistical uniform price for component pricing orders (Class III price plus producer price differential). For other orders, uniform skim milk price times 0.965 plus uniform butterfat price times 3.5.

4/ Due to a disadvantageous relationship between intraorder class prices and the location adjusted statistical uniform (blend) price in these markets, handlers elected not to pool an estimated 490 million pounds of milk that normally would have been associated with these markets. In February 2000, the estimated not-pooled volume of milk was 110 million pounds. After adjusting for these not-pooled volumes, the year-to-year percent change is 0.4.

CONSUMER PRICE INDEX (CPI-U) AND AVERAGE RETAIL PRICES FOR SELECTED PRODUCTS, U.S. CITY AVERAGE ^{1/}

Month and Year	All Food		Dairy Products		Fresh Whole Milk		Cheese		Butter		Meat, Poultry, Fish and Eggs	
	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}
DEC 2000	170.0	2.8	161.5	-0.4	160.0	0.9	161.1	-2.5	147.2	12.4	156.6	4.5
JAN 2001	170.9	2.9	163.6	2.0	163.1	5.2	161.7	-1.5	156.3	12.8	158.0	5.2
FEB 2001	171.3	3.0	163.6	1.7	163.5	5.6	163.7	-0.7	154.9	22.3	159.5	5.4
U.S. City Average Retail Prices												
Month	Whole Milk ^{4/}		Lowfat Milk ^{4/}		Butter ^{5/}		Process Cheese ^{6/}		Natural Cheese ^{7/}		Ice Cream ^{8/}	
	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999
	Dollars											
DECEMBER	2.785	2.876	2.662	2.833	2.799	2.272	3.693	3.850	3.763	3.845	3.660	3.404
	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000
JANUARY	2.852	2.785	2.705	2.717	2.971	2.425	3.674	3.843	3.871	3.839	3.673	3.324
FEBRUARY	2.847	2.777	2.672	2.693	2.979	2.293	3.693	3.731	3.882	3.821	3.609	3.340

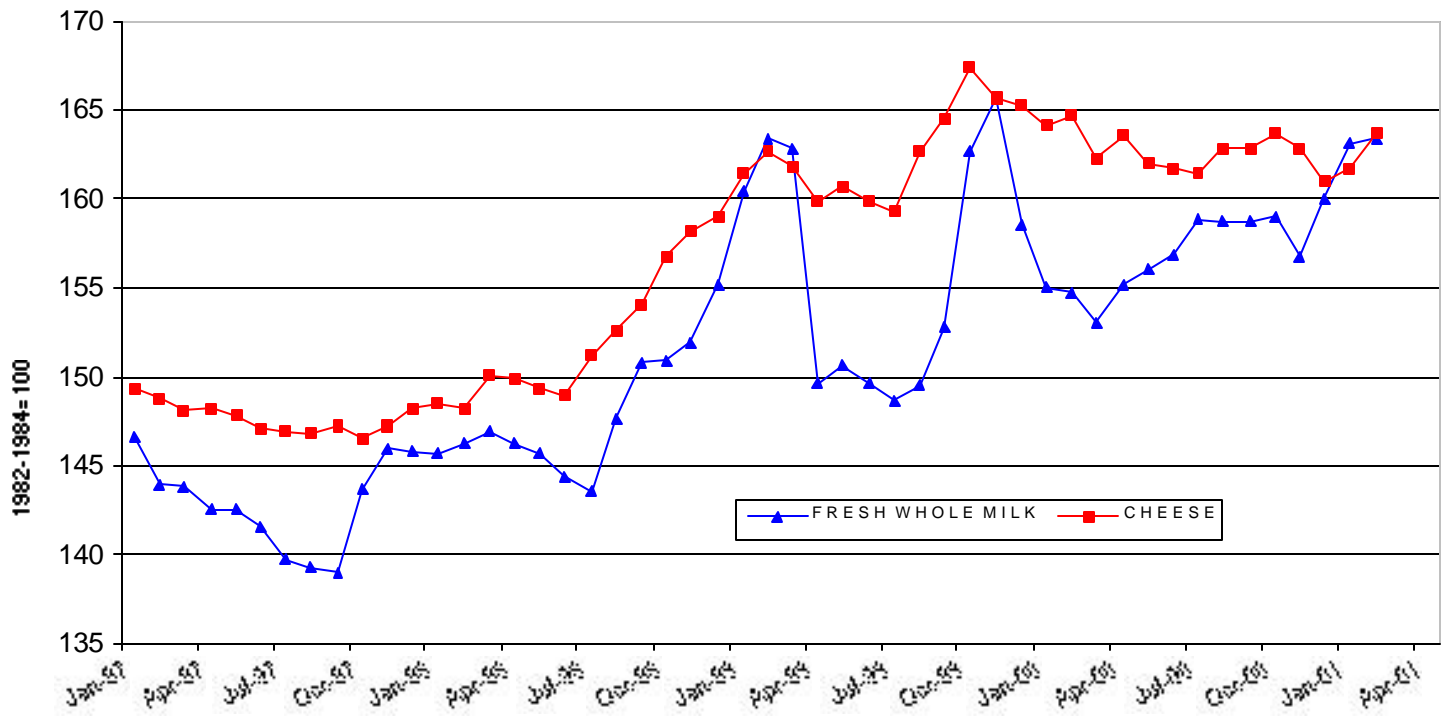
NA = Not available. ^{1/} "CPI Detailed Report," "Consumer Prices: Energy and Food," BLS, U.S. Department of Labor. According to BLS, average prices are best used to measure the price level in a particular month. To measure price change over time, the CPI is more appropriate. ^{2/} The standard reference base period for these indexes is 1982-1984 = 100. ^{3/} Percent change over previous year. ^{4/} Per gallon. ^{5/} Per pound. Grade AA, salted, stick butter. ^{6/} Per pound, any size and type of package. ^{7/} Per pound, cheddar cheese in any size and type of package and variety (sharp, mild, smoked, etc.). ^{8/} Per 1/2 gallon, prepackaged regular.

COMMERCIAL DISAPPEARANCE: TOTAL MILK AND SELECTED DAIRY PRODUCTS-NOVEMBER-JANUARY 1999/2000-2000/2001 AND YEAR-TO-DATE 1999-2000 ^{1/}

Item	Nov.-Jan. 1999/00	Percent change ^{4/}	Nov.-Jan. 2000/01	Percent change ^{4/}	Jan.-Dec. 1999	Percent change ^{4/}	Jan.-Dec. 2000	Percent change ^{4/}
	Million Pounds							
MILK								
Production	41,278	4.2	40,943	-0.8	162,716	3.4	167,658	2.7
Marketings	40,937	4.3	40,614	-0.8	161,349	3.5	166,328	2.8
Beginning Commercial Stocks ^{2/}	7,016	29.2	7,836	11.7	5,274	7.9	6,135	16.3
Imports ^{2/}	1,067	-11.7	1,186	11.2	4,772	4.0	4,446	-6.8
Total Supply ^{3/}	49,020	6.8	49,636	1.3	171,395	3.6	176,909	2.9
Ending Commercial Stocks ^{2/}	8,289	19.8	7,724	-6.8	6,135	16.3	6,863	11.9
Net Removals ^{2/}	183	226.8	164	-10.4	343	-6.3	841	145.2
Commercial Disappearance ^{3/}	40,548	4.2	41,748	3.0	164,917	3.2	169,205	2.3
SELECTED PRODUCTS ^{5/}								
Butter	345.1	6.4	346.7	0.5	1,308.8	7.0	1,329.4	1.3
American Cheese	877.3	6.7	923.3	5.2	3,586.4	7.4	3,632.1	1.0
Other Cheese	1,209.8	7.5	1,232.4	1.9	4,677.8	5.1	4,928.1	5.1
Nonfat Dry Milk	148.6	-29.3	172.1	15.8	791.1	-8.7	770.6	-2.8
Fluid Milk Products ^{6/}	14,282.8	-0.2	14,261.0	-0.2	55,712.2	0.7	55,496.2	-0.7

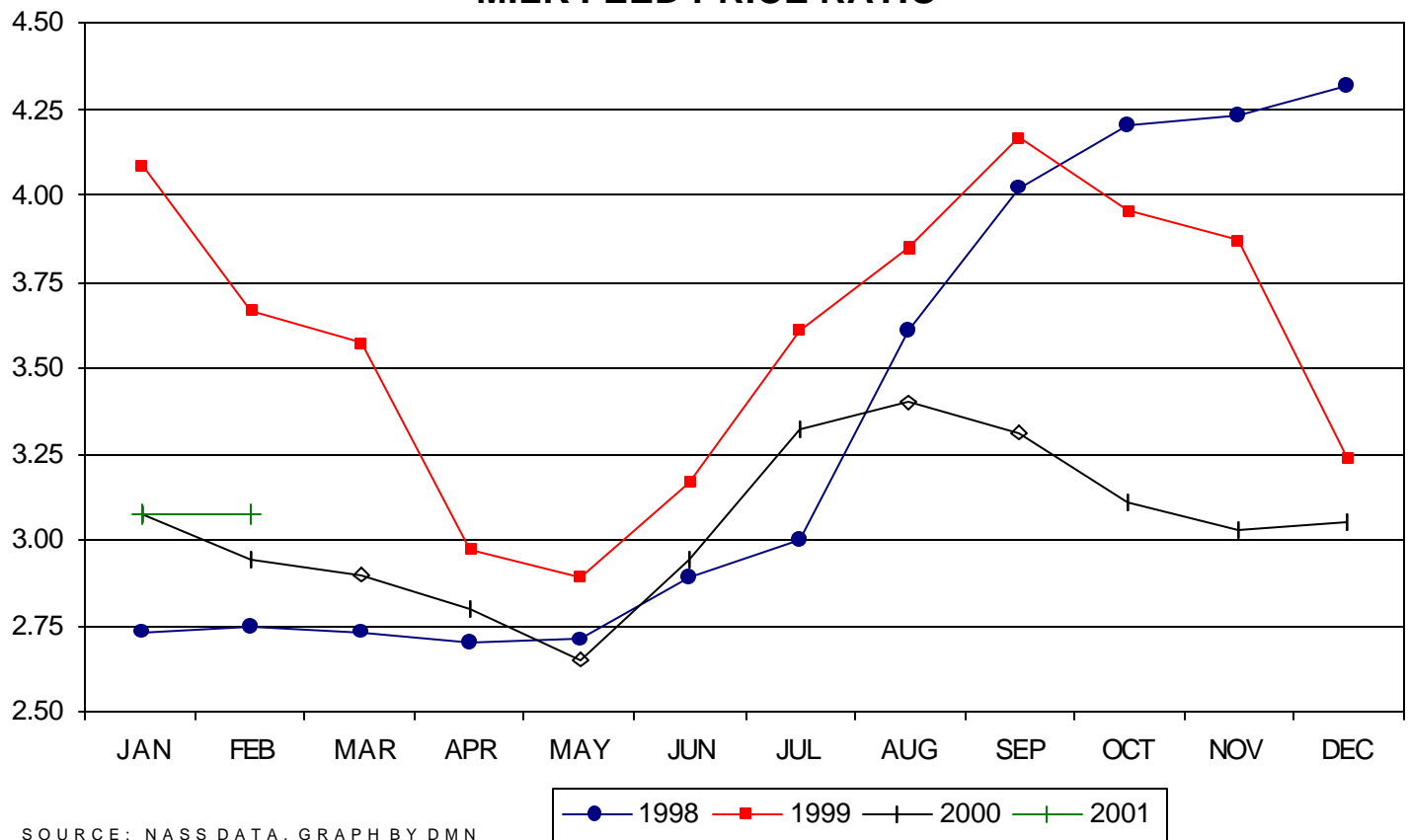
^{1/} Commercial disappearance includes civilian and military purchases of milk and dairy products for domestic and foreign use, but excludes farm household use and USDA donations of dairy products. Disappearance is a residual figure and therefore can be affected by any inaccuracies in estimating milk production, on-farm use, stocks, and imports. ^{2/} Milk-equivalent, milkfat basis. Calculated using slightly different factors than previously. Further changes may be made as technical parameters become available. ^{3/} Totals may not add because of rounding. ^{4/} From year earlier on a daily average basis. ^{5/} Commercial disappearance in product pounds. ^{6/} Sales. Estimate based on actual sales in Federal milk order marketing areas and California. These sales figures have not been adjusted for calendar composition. **SOURCE:** Economic Research Service, USDA. Fluid milk products - Agricultural Marketing Service, USDA. This information is now available through ERS AutoFAX. To request a document, dial (202) 694-5700 and enter document number 11521 when prompted.

CONSUMER PRICE INDEX



Graph: USDA, Dairy Market News

MILK FEED PRICE RATIO



SOURCE: NASS DATA, GRAPH BY DMN

CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF MARCH 26 - 30, 2001			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES#	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/00	SAME PERIOD LAST YEAR	WEEK ENDING 03/23/01	SAME PERIOD LAST YEAR
<u>BUTTER</u>							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Unsalted	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<u>CHEESE</u>							
Block	-0-	-0-	-0-	3,050,083	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	4,025,276	-0-	-0-	-0-
Process	-0-	-0-	-0-	3,999,600	1,861,200	-0-	-0-
TOTAL	-0-	-0-	-0-	11,074,959	1,861,200	-0-	-0-
<u>NONFAT DRY MILK</u>							
Nonfort	11,811,392	-0-	11,811,392	243,757,143	194,837,243	472,831,000	-0-
Fortified	-0-	-0-	-0-	26,867,069	5,313,347	37,339,000	-0-
TOTAL	11,811,392	-0-	11,811,392	270,624,212	200,150,590	510,170,000	-0-

#Although an uncommitted inventory of NDM has continued to exist for some time, it has not been reported due to CCC's efforts to utilize all NDM purchased under price support.

MILK EQUIVALENT, FAT SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF MARCH 26 - 30, 2001 =	2.6	137.5	COMPARABLE WEEK IN 2000 =	9.9	203.4
CUMULATIVE SINCE OCTOBER 1, 2000 =	161.8	3,259.7	CUMULATIVE SAME PERIOD LAST YEAR =	61.2	2,348.2
CUMULATIVE JANUARY 1 - MARCH 30, 2001 =	45.2	1,777.1	COMPARABLE CALENDAR YEAR 2000 =	50.0	1,755.1

* Factors used for Fat Solids Basis: Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

**Factors used for Skim Solids Basis: Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES FOR THE WEEK OF MARCH 26 - 30, 2001 (POUNDS)

REGION	BUTTER				CHEESE			NONFAT DRY MILK	
	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS		NONFORTIFIED	FORTIFIED
MIDWEST	-0-	-0-	-0-	-0-	-0-	-0-		-0-	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-		11,811,392	-0-
EAST	-0-	-0-	-0-	-0-	-0-	-0-		-0-	-0-

CCC ADJUSTED PURCHASES SINCE 10/1/00 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

REGION	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT (%)	
	2000/01	1999/00	2000/01	1999/00	2000/01	1999/00	2000/01	1999/00
MIDWEST	-0-	-0-	5,995,440	1,861,200	3,105,246	19,311,102	34.6	35.0
WEST	-0-	-0-	5,039,919	-0-	267,518,966	178,675,087	65.2	61.2
EAST	-0-	-0-	39,600	-0-	-0-	2,164,401	0.2	0.8
TOTAL	-0-	-0-	11,074,959	1,861,200	270,624,212	200,150,590	100.0	100.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER JANUARY 16, 2001

MANUFACTURING MILK: Average Test 3.67% - \$9.90 per cwt.; 3.5% - \$9.80

BUTTER: Bulk \$.6549 per pound; 1# Prints \$.6849

CHEESE: 40 & 60# Blocks \$1.1314 per pound; 500# Barrels \$1.1014; Process American 5# \$1.1839; Process Am. 2# \$1.2239

NONFAT DRY MILK: Nonfortified \$1.0032 per pound; Fortified \$1.0132; Instant \$1.1607

U.S. Dairy & Total Cow Slaughter under Federal Inspection, by Regions, for Week Ending 03/10/01 & Comparable Week 2000

Regions* (000 HEAD):	1	2	3	4	5	6	7	8	9	10	WEEK : SINCE JAN 1	U.S. TOTAL	WEEK : SINCE JAN 1	% DAIRY OF ALL
2001-Dairy	: 0.2	0.5	5.0	4.6	21.8	3.7	2.8	1.1	12.9	3.1	55.7	568.6	50.0	49.8
2000-Dairy	: 0.3	0.9	6.7	6.7	19.5	2.7	0.9	0.9	13.0	3.5	55.1	540.4	53.9	50.6
2001-All cows	: 0.2	0.7	6.8	13.8	32.5	12.6	19.6	5.7	13.6	6.1	111.5	1,141.2		
2000-All cows	: 0.3	1.1	9.1	13.9	28.1	12.4	12.8	4.7	14.2	5.6	102.2	1,067.2		

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CLASS III (2000) AND BFP (1998-99) MILK PRICES, (3.5% BF, \$/CWT. FOR COMPARISON PURPOSES ONLY)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
1998	13.25	13.32	12.81	12.01	10.88	13.10	14.77	14.99	15.10	16.04	16.84	17.34
1999	16.27	10.27	11.62	11.81	11.26	11.42	13.59	15.79	16.26	11.49	9.79	9.63
2000	10.05	9.54	9.54	9.41	9.37	9.46	10.66	10.13	10.76	10.02	8.57	9.37

FEDERAL MILK ORDER CLASS PRICES FOR 2001 (3.5% BF)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	13.99	11.94	12.65	13.44								
II	12.82	13.43										
III	9.99	10.27										
IV	12.13	12.70										

1/ Specific order differentials to be added to this base price are located at: www.ams.usda.gov/dairy/mib/class_prod_milk_comp_pr.htm